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Policy decision

Contribution of UNDP towards reversing the HIV/AIDS epidemic in the context of the United Nations system strategic plan for HIV/AIDS for 2001-2005

Report of the Administrator

Elements of a decision

In taking note of the present report, the Executive Board may also wish to:

1. Endorse the proposed strategic directions and areas of focus of the response of UNDP to HIV/AIDS, as co-sponsor of UNAIDS and support country-level action to implement the Declaration of Commitment adopted by Member States at the special session of the General Assembly on HIV/AIDS on 27 June 2001;

2. Welcome the UNDP contribution to the United Nations system strategic plan for HIV/AIDS for 2001-2005;

3. Endorse the overall approach of UNDP to its role as coordinator of the United Nations system activities at the country level, through existing United Nations mechanisms and the United Nations Development Assistance Framework and through its partnership with all United Nations organizations, non-governmental organizations and the private sector in response to the HIV/AIDS crisis;

4. Call for the mobilization of additional financial resources, from all sources, to enable UNDP to implement its HIV/AIDS strategy, meet its obligation as UNAIDS co-sponsor, and effectively support national efforts to achieve the time-bound goals and targets set forth in the Declaration of Commitment.

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I. Introduction

1. The Declaration of Commitment adopted on 27 June 2001 at the special session of the General Assembly on HIV/AIDS provided countries, and the international community as a whole, with a strategic framework for a comprehensive, multifaceted response to HIV/AIDS. The Declaration sets out time-bound targets for implementing strategies and achieving sustained results in the following key areas: (a) leadership for action at all levels; (b) prevention of new infections; (c) provision of improved care, support and treatment for those infected and affected by HIV/AIDS; (d) reduction of vulnerability to infection and the impact of the epidemic; (e) respect for human rights of people living with HIV and AIDS; (f) measures to address the devastating social and economic impact of HIV/AIDS; (g) research and development; (h) addressing HIV/AIDS in conflict situations; and (i) mobilizing adequate resources for a scaled-up response to HIV/AIDS.

2. Building on existing commitments, the Declaration calls for a fundamental shift in the response to HIV/AIDS. This uniquely devastating epidemic is no longer perceived as only a public health dilemma — the world's leaders now accept it as a human development challenge of highest priority and the single biggest threat to achieving internationally agreed development goals. The implications of this shift for the United Nations system — including the UNDP — are profound and far-reaching. Effective support to national responses to the epidemic will require: a fundamental rethinking of plans and programmes; the courage to innovate and expand interventions on a massive scale; redoubled efforts to confront stigma and discrimination, gender inequality and inequitable access to services; a several-fold increase in the resources made available to a diverse set of national partners; and an unprecedented mobilization of all parts of the United Nations system in support of national responses.

3. UNDP, as a co-sponsor of the Joint United Nations Programme on HIV/AIDS (UNAIDS), has a specific, well-defined contribution to make to the overall response of the United Nations system, assisting countries in their efforts to meet their commitments made at the special session of the United Nations General Assembly on HIV/AIDS. Distinct from the roles of other UNAIDS co-sponsors and other United Nations organizations, UNDP focuses on interventions aimed at creating an enabling policy, legislative and resource environment essential for an effective and truly multisectoral response to the epidemic. Taking into account the crucial interface between human development and HIV/AIDS strategies, recognizing that HIV/AIDS is a formidable governance challenge requiring the full mobilization of diverse actors and institutions well beyond the health sector, and acknowledging that the epidemic poses a real and present threat to poverty-reduction efforts, it is now of utmost urgency to ensure that UNDP is fully mobilized to meet its obligations as a UNAIDS co-sponsor.

4. The present report describes specific UNDP contributions to reversing the epidemic, in the context of the United Nations system strategic plan for HIV/AIDS for 2001-2002, which was endorsed by the Programme Coordination Board of UNAIDS in April 2001. It highlights UNDP actions, particularly in the areas of the governance and capacity-building aspects of the response, and in the social and economic dimensions of the HIV/AIDS epidemic. It also addresses the role of the resident coordinator system in supporting the United Nations response at the country level. Finally, it provides details of UNDP modalities for programme support, monitoring, coordination and funding that are necessary for an effective organizational response to the epidemic.

II. Background

5. By the late 1980s, UNDP had become the world's most outspoken advocate for a response to HIV/AIDS, recognizing the development challenge that the epidemic would pose for developing countries and eventually for the international community at large. The Governing Council and Executive Board have, over the years, received reports from the Administrator and have adopted a number of decisions relating to supporting countries to develop effective responses to the epidemic, notably decisions 90/9, 90/25, 91/9, 93/35, 94/5, 94/6, 94/22 and 95/11 concerning the role and capacity of UNDP and the creation of the Joint (United Nations) Programme on HIV/AIDS (UNAIDS). Of key importance was its decision 91/9 of 25 June 1991, whereby the Governing Council took note of the report of the Administrator on the role of UNDP in combating HIV and AIDS (DP/1991/57). Building on earlier decisions, the policy contained in

this report identified the role of UNDP in the area of social and economic development, in particular to increasing awareness of the development implications of the epidemic (decisions 90/9 and 90/25); to strengthen and expand the capacity of communities to respond to the epidemic (decision 90/9); to promote and assist prevention and support programmes for women (decision 90/25); and to assist Governments to develop effective multisectoral HIV and AIDS strategies and to minimize the devastating consequences of widespread infection (decisions 90/9 and 90/25).

6. The Economic and Social Council has addressed the growing concern of the international community for a more effective unified response from the United Nations system in tackling HIV/AIDS. In particular, through its resolutions 1994/24 and 1995/2, it created the United Nations Joint and Co-sponsored Programme on HIV/AIDS (UNAIDS) to provide global leadership in the fight against HIV/AIDS and ensure a coordinated and scaled-up response of the United Nations system. As of end 2001, UNAIDS is composed of a secretariat and eight United Nations agency co-sponsors, including UNDP.

7. In paragraph 9 (c) of its resolution 1999/36, the Economic and Social Council urged the co-sponsors of UNAIDS and other organizations of the United Nations system "to submit to their governing bodies their proposed contribution to the United Nations system strategic plan for HIV/AIDS for 2001-2005". As mentioned above, this plan was endorsed by the Programme Coordinating Board of UNAIDS and provides the framework for UNDP strategy in the area of HIV/AIDS. The present report responds to this request by the Economic and Social Council.

III. UNDP strategy on HIV/AIDS

8. In 2000, UNDP made HIV/AIDS one of its top organizational priorities. UNDP work on HIV/AIDS is now integrated into its overall mission to provide its clients — the developing countries — with knowledge-based policy advice and operational support focusing on the entire range of issues that pertain to reducing poverty, building institutional capacity, improving effective governance, and managing the challenges of globalization. UNDP forms part of the larger response of the United Nations system to HIV/AIDS, striving to support national Governments in securing a nation-wide, gender-sensitive, multisector response focusing on prevention and social mobilization for behaviour change, reduction of vulnerability of people at risk of infection, improved access to care and treatment for people living with HIV and AIDS, and the mitigation of the impact of HIV/AIDS on human development and poverty-reduction efforts.

9. The specific role of UNDP within the UNAIDS family is to support countries in creating an enabling policy, resource and legislative environment necessary for an effective response to HIV/AIDS. In other words, UNDP helps countries to address the governance challenge of the HIV/AIDS epidemic in areas such as: mobilizing actors and institutions well beyond the health sector in the multiple aspects of an effective response to HIV/AIDS; supporting Governments to ensure that the full authority and power of the State is brought to bear on the crisis; promoting community-led action and practices leading to a reduction of vulnerability and risk to HIV infection; raising domestic and international resources for national programmes; integrating HIV/AIDS priorities into the mainstream of development planning; and ensuring a scaled-up, coordinated response. Inspired by progress made in countries such as Brazil, Senegal, Thailand and Uganda in reversing the epidemic, UNDP provides advice and development services to Governments and civil society partners on policies and actions to achieve an effective, nation-wide response.

10. The shift of UNDP towards a more focused strategy on HIV/AIDS, in line with its comparative advantage as well as the division of labour among UNAIDS co-sponsors, is already producing results at the country level. The contributions from country offices to the results-oriented annual report (ROAR) 2000 generated key information about the scaled-up response of UNDP. Fifty-five UNDP country offices have selected HIV/AIDS as one of their top priorities and are reporting on HIV/AIDS-related outcomes in 2000, nearly the double figure for 1999. A closer look at the types of interventions reveals a discernible shift upstream, focusing on helping countries to address the governance challenge of HIV/AIDS, building capacity and mobilizing diverse sectors and actors to mount coordinated national and local-level responses. Specifically, the ROAR 2000 shows a significant increase in UNDP interventions in assisting Governments to formulate national HIV/AIDS strategies, build their capacity to implement such

strategies, and support the strengthening of decentralized structures to manage local action.

11. UNDP action at the country level is now being tailored to the specific circumstances and status of the epidemic. UNDP will work in four categories of countries: (a) high-impact countries (28 countries with over 4 per cent HIV adult prevalence rate), where priority will be given to assistance in mitigating the disastrous impact on governance structures, poverty-reduction efforts, and the provision of essential services; (b) those countries with lower prevalence rates but with alarming rates of increase; (c) other countries where the epidemic is spreading at a slower rate but where great vigilance and preparedness is still essential; and (d) countries in conflict, which require special interventions given the strong interface between civil strife and HIV/AIDS. In each case, the focus will be on the services requested by programme country clients and in keeping with the overall mandate of UNDP as a UNAIDS co-sponsor.

IV. Services offered by UNDP in the area of HIV/AIDS

12. As reflected in the United Nations system strategic plan for 2001-2005, five areas of HIV/AIDS-related support services offered by UNDP at country level have been defined. These are based on strategies set out in the Declaration of Commitment, current demands on UNDP services from programme countries, the comparative strengths of UNDP and its distinct role within the UNAIDS family, the results of the ROAR 2000 on current focus and achievements, active consultations within UNDP, and negotiations with the UNAIDS secretariat and co-sponsors. Programme countries can select from this menu of services, in accordance with country-specific needs and the stage of the epidemic.

13. Interventions by UNDP, as defined in the present report, will contribute towards the broader objectives set out in the Declaration of Commitment and the United Nations system strategic plan for HIV/AIDS for 2001-2005, namely: (a) prevention of new infections, reducing HIV prevalence in persons 15-24 years old by 25 per cent by 2005 in the most affected countries, and globally by 2010; (b) provision of improved care, support and treatment for those infected and affected by HIV/AIDS; (c) reduction of vulnerability, especially among groups that have high or increasing rates of infection or who are at greatest risk of infection; (d) mitigation of the social and economic impact of HIV/AIDS.

14. The five UNDP service areas for HIV/AIDS are outlined below.

A. Service 1: Advocacy and policy dialogue

15. *Activities.* UNDP promotes robust policy-oriented advocacy for leadership at all levels, coalition-building and national dialogue for an effective response to HIV/AIDS, targeted at government decision-makers and civil society leaders. UNDP puts emphasis on assisting countries in facilitating a society-wide mobilization around a common set of objectives and strives to place HIV/AIDS at the centre of the development agenda. In addition, UNDP is supporting policy dialogue on specific issues, ranging from the role of the private sector to the reallocation of public resources towards AIDS prevention, from the protection of the rights of people living with HIV and AIDS to issues of gender relations that increase women's vulnerability to infection. In some countries, national human development reports that focus on HIV/AIDS are becoming powerful country-owned tools for policy-oriented advocacy and dialogue. Guided by the United Nations country team and the United Nations theme group, these interventions by UNDP will support the Resident Coordinator and enhance current advocacy efforts of the United Nations system at the country level. They will also assist countries in implementing key elements of the Declaration of Commitment, specifically those sections pertaining to the leadership challenge of the epidemic.

16. *Expected results.* These include (a) an increased level of political commitment and leadership at the highest level of government as expressed by statements and actions by the Head of State, members of the cabinet and other senior-level officials, policy debates and legislative action by parliaments; (b) national development plans, sectoral plans, and budgets that integrate HIV/AIDS; (c) greater mobilization of the private sector measured by statements and actions by chief executive officers, contributions to the overall HIV/AIDS campaign, and existence of work-place HIV/AIDS policies; (d) greater mobilization of communities, women's groups, people living with

HIV/AIDS, and other civil society movements; and (e) participatory and multi-actor coordinating mechanisms operating effectively.

B. Service 2: Capacity development

17. *Activities*. UNDP helps programme countries to develop the capacity of Governments and civil society organizations to respond effectively to the HIV/AIDS challenge and strengthen national strategic planning and coordination. UNDP is supporting leadership at all levels, which needs to be inclusive and proactive, fully involving all governmental sectors, civil society, the private sector, and people living with HIV/AIDS and which is conducive to innovation and risk-taking in promoting new approaches to prevention, care, gender equality and human rights. Special emphasis is given to improving the planning, management, implementation and decentralization of multisectoral, gender-sensitive national HIV/AIDS plans. Through these interventions, UNDP works to improve countries' absorptive capacity, enabling a more effective use of donor funding as complements to domestic resources. In this regard, UNDP plays a crucial role in helping countries to mobilize resources from a wide range of external sources to finance the implementation of national strategic HIV/AIDS plans. Such assistance includes the organization of round-table meetings on HIV/AIDS, bringing together government, donors, and United Nations organizations to discuss resource needs and obtain pledges of financial support from donors for the implementation of national strategic HIV/AIDS plans.

18. Special emphasis is also put on the decentralization of national AIDS programmes, and the effective mobilization of district- and municipal-level authorities to work closely with communities. In the worst affected countries, UNDP is increasingly assisting countries to develop the necessary capacity to mitigate the impact of HIV/AIDS on human development, governance structures, and the provision of essential services.

19. *Expected results*. Results under this service line will be measured using a broad checklist of what constitutes an effective national strategic AIDS plan in terms of its impact on HIV infection rates, reducing vulnerability to infection, improving access to care for people living with HIV/AIDS, and mitigating the impact on human development. An effective plan will be based on UNAIDS guidelines and on continuing best practice analysis, and will include: (a) effective strategic plans, with goals and time-bound targets developed or being implemented, that involve all stakeholders and respond to gender issues; (b) the extent to which strategies, policies and programmes are in place to identify and address factors that make individuals and communities particularly vulnerable to infection; (c) stronger management and implementation capacity of national and local governments; (c) existence of an operational district- and municipal-level AIDS plan, formulated and implemented with community and local stakeholder participation; and (d) in the worst affected countries, the proportion of schools, health and other government services still functioning notwithstanding the devastating impact of the epidemic on human resources and public revenues, using as the baseline the situation prior to the epidemic.

C. Service 3: Mainstreaming

20. *Activities*. To assist countries in the implementation of the Declaration of Commitment (specifically paragraphs 38 and 68-69), UNDP will step up its crucial support to Governments in their efforts to integrate HIV/AIDS priorities fully into the mainstream of development planning as well as to address the social and economic impact of the epidemic. Strategic plans specifically focused on the epidemic are important but not enough to deal with the crisis. HIV/AIDS priorities and impact analysis must be fully integrated into overall development plans, medium-term investment frameworks, public-investment programmes, annual budgets, poverty-reduction strategies and debt-relief processes. In particular, the formulation of poverty-reduction strategy papers (PRSPs) provides an opportunity to ensure that part of debt-relief savings is allocated towards HIV/AIDS prevention and care; that ministries of finance and planning focus on the HIV/AIDS crisis; and that all sectors of government are involved in tackling HIV/AIDS and are given budgets to do so.

21. *Expected results*. The impact of these services will be measured by: (a) the proportion of national budget (and debt-relief savings in highly indebted poor countries) devoted to HIV/AIDS prevention, care and impact mitigation, with specific targets for women's specific needs; (b) the extent to which HIV/AIDS issues are integrated into national development plans

and poverty-reduction strategies (including PRSPs) and how they address the impact of HIV/AIDS on poor people and women; (c) distribution of resource allocations among line ministries, local governments, non-governmental organizations (NGOs), women's groups, and community organizations and the extent to which HIV/AIDS is integrated into sectoral plans and budgets; (d) the extent to which gender analysis is used and followed by actions to mitigate the impact on women and address gender inequalities and the role of women as caregivers.

D. Service 4: Human rights

22. *Activities.* UNDP promotes human rights as a normative and ethical framework for the response to HIV/AIDS, including support for legislation protecting the rights of people living with HIV and AIDS, and strategies that focus squarely on the rights of women and girls. Discrimination against people living with HIV and AIDS leads to an atmosphere of stigma, shame and denial and prevents them from participating in awareness-raising and education campaigns. It is also clear that gender inequalities help to fuel the epidemic, as do the unmet HIV/AIDS-related needs of girls and young women. Through advocacy and advisory services, UNDP will contribute to the implementation of those commitments made at the special session of the United Nations General Assembly on HIV/AIDS relating to human rights, gender equality, and the reduction of vulnerability. Special reference is made to paragraph 58 stating the countries commit to "by 2003, enact, strengthen or enforce as appropriate, legislation, regulations and other measures to eliminate all forms of discrimination and to ensure the full enjoyment of all human rights and fundamental freedoms by people living with HIV/AIDS and members of vulnerable groups ...".

23. *Expected results.* Outcomes and impacts in this area will include: (a) measurable change in attitudes and behaviour towards women's human rights and towards people living with HIV or AIDS; (b) measurable change in attitudes and behaviour towards women's human rights and towards girls and women in critical areas relating to sexuality and power relations; (c) existence of legislation and associated administrative measures to prevent discrimination against people living with HIV and AIDS; (d) progress in the adoption and implementation of the international guidelines on human rights and HIV/AIDS and related provisions contained in the Convention to Eliminate All Forms of Discrimination Against Women (CEDAW) and other human rights conventions.

E. Service 5: Information and multimedia technology

24. *Activities.* The fifth service focuses on multimedia technology for large-scale information and awareness-raising interventions targeted at vulnerable groups as well as at the population at large. The strategic focus is to deploy well-designed communications strategies using commercial, traditional and interpersonal channels in order to inform and mobilize leadership at different levels and to address the need of people. One of the most important lessons learned from countries that have successfully responded to the HIV/AIDS epidemic has been the critical role of government and civil society leadership in increasing visibility of the epidemic while decreasing the stigma associated with HIV/AIDS. Breaking the silence where countries still deny the problem or the potential of an epidemic and strengthening the accountability of governments and civil society remain major challenges. Moreover, the nature of the HIV/AIDS challenge, namely, changing behaviours to decrease the spread of infection, requires significant investment in information services. Interventions in this category of services contribute significantly to achieve commitments made during the special session, which set specific targets, including: "By 2005, ensure that at least 90 per cent, and by 2010 at least 95 per cent of young men and women aged 15 to 24 have access to the information, education, including peer education and youth-specific HIV education, and services necessary to develop the life skills required to reduce their vulnerability to HIV infection ...".

25. *Expected results.* Outcomes and impact under this service line will be measured against: (a) significant and measurable increase in access to information and education for young men and women aged 15 to 24 relating to HIV/AIDS prevention and care; (b) measurable change in norms, values and traditions that are fuelling the epidemic, especially those that perpetuate gender inequalities and discrimination against people living with HIV and AIDS; (c) degree of mobilization of communities, civil society

organizations and the private sector; (d) quantity and quality of sustained multimedia action and information services relating to the HIV/AIDS crisis and ways of addressing the problem; and (e) a well-designed, powerful and coordinated United Nations information and communication response at the country level.

V. Modalities for programme support, monitoring, coordination, partnerships and funding

26. In support of its strategy on HIV/AIDS, UNDP benefits from a number of modalities and instruments for programme support, coordination, partnerships, and funding. They are described below.

A. Global and regional cooperation frameworks

27. The work of UNDP at the country level is supported by the global cooperation framework (DP/GCF/2), which supports the ability of UNDP to respond to the HIV/AIDS crisis by integrating UNDP global development thinking and advocacy with country-level practices. Along with the regional cooperation frameworks, the GCF is a key instrument in aligning the UNDP response to the HIV/AIDS crisis at the global, regional and national levels and will enable UNDP to provide services to programme countries in the areas of advocacy and analysis, knowledge-networking and sharing of best practices and policy-support services.

28. Interventions at the global and regional levels in support of the services provided at the country level include: (a) guidelines and tools for HIV/AIDS policy development, strategic planning and response management; (b) intra-regional and interregional South-South cooperation; (c) knowledge networking and dissemination of best practice experiences; (d) technical backstopping and programming services coordinated at the global and regional levels; (e) participatory methods and tools for raising awareness and promoting social transformation, including changing gender relations and enhancing women's control of their lives; (f) addressing cross-border issues (migration, transport, refugee movements, etc.); and (g) supporting countries in their access to global public goods relevant to addressing the HIV/AIDS epidemic.

29. UNDP supports countries in addressing common concerns, cross-border issues, the sharing of knowledge and in exploring new ways of working together. Examples of this work include awareness-raising through the extensive use of the HIV and development training workshops in Africa and in Latin America and the Caribbean; support to the African Network on Law, Ethics and Human Rights; analysis of the impact of the epidemic on human development (Asia and the Pacific); support to a partnership of universities in Asia for work on analysing the impact of HIV/AIDS and activities enhancing government-civil society partnerships in Eastern Europe. Support to intercountry cooperation currently under way covers issues of migrant workers (South-East Asia), trafficking of women and girls and mapping of HIV legislation and enforcement (South Asia).

B. Role of the Resident Coordinator

30. At the country level, the Resident Coordinator, supported by the United Nations Theme Group on HIV/AIDS, must effectively spearhead a cohesive response by the United Nations system to the HIV/AIDS crisis, ensure a coherent, mutually reinforcing response by the UNAIDS co-sponsors, and promote synergy with activities of bilateral donors and private foundations. This includes the coordination of multi-agency, multi-donor programmes in support of overall national strategic HIV/AIDS plans as determined by the host Government and through multi-stakeholder dialogue. The United Nations Development Assistance Framework (UNDAF) is an important tool for integrating HIV/AIDS into the work of the United Nations for development. UNDP is leading an inter-agency working group to assess the effectiveness of country-level coordination arrangements, the role of the Resident Coordinator and the United Nations Theme Group and to propose changes and adjustments to improve the current arrangement.

C. Modalities and partnerships

31. UNDP pursues active collaboration with a wide range of partners at global and national levels. The results expected from such partnerships are, for example: (a) greater involvement of people living with

and/or affected by HIV/AIDS in all aspects of the response; (b) workplace policies and programmes established through partnering with civil society organizations and working with the private sector; (c) tools and methodologies to increase involvement of non-traditional participants; (d) support to development programming that integrates HIV/AIDS issues into all activities; (e) national frameworks stimulated and supported and an enabling environment created for community-based and local government initiatives and partnerships; (f) creative use of new and emerging technologies as advocacy and awareness-raising tools; (g) national research capacities stimulated and supported to investigate and analyse new approaches; and (h) lessons learned and shared across countries.

D. Role of the United Nations Volunteers

32. UNDP country-level activities are also supported and complemented by the United Nations Volunteers (UNV) Programme. Since 1990, more than 150 UNV volunteers have served as part of 36 HIV/AIDS projects at community, national and regional levels around the world. Currently, 68 UNV volunteers work directly with HIV/AIDS while some 170 work indirectly to combat the epidemic in disease-prevention and health-care activities. UNV volunteers, many of whom are living with HIV, work in communities as peer counsellors and educators to help to bring about understanding of the epidemic, an indispensable step in providing adequate support for people living with HIV/AIDS or those directly affected by the epidemic. UNV volunteers support local self-help groups through skills development for income-earning activities and help to set up HIV/AIDS support networks. They strengthen home-based care and support through training and counselling. UNV recruits and places people living with HIV/AIDS in host institutions concerned with HIV/AIDS. These UNV volunteers work in Greater Involvement of People Living with HIV/AIDS (GIPA) pilot initiatives in 10 countries in three regions (Burundi, Cambodia, Cuba, Dominican Republic, Guyana, Haiti, Jamaica, Malawi, Trinidad and Tobago and Zambia) with activities soon to start in Côte d'Ivoire and India. In Botswana, 20 national UNV specialists train local people, manage district AIDS projects and distribute AIDS literature throughout the country under a project funded by the Government and UNDP.

E. Organizational capacity

33. UNDP has strengthened its organizational capacity in order to implement its strategy on HIV/AIDS effectively and meet its obligations as a co-sponsor of UNAIDS. At headquarters, a central policy unit, the Special Initiative on HIV/AIDS in the Bureau for Development Policy (BDP), has six regular staff and each regional bureau has at least one HIV/AIDS focal point. Moreover, several of the competency groups, such as the Social Development Group, Institutional Development Group, and the Management Development Group, have integrated HIV/AIDS into their respective areas of work. As an extension of headquarters support, four BDP HIV/AIDS policy specialists are being outposted to subregional resource facilities (SURFs).

34. UNDP staff will receive additional professional training to enhance their capacity in understanding the social and economic dimensions of the epidemic and of the UNDP role in the policy dialogue and institutional support needed to respond to the governance challenges of the epidemic.

35. The HIV/AIDS knowledge network has been created as part of the SURF knowledge-management system, linking more than 180 UNDP staff members, mainly in country offices, to share knowledge and best practices. The network will integrate the functions of improving professional capacities; identify high quality expertise and skills from outside or from within UNDP; create and seize opportunities for synergy among programme initiatives; provide best available knowledge, analysis, and methodologies in addressing the development dimensions of the epidemic in programme countries; and contribute to the formulation of overall UNDP policies relating to HIV/AIDS. The UNDP focus on the development and governance dimensions of the epidemic and their integration into all programmes and sectors will mean linking the HIV knowledge network to networks in other human development areas and to the work of the regional SURF offices so as to contribute to integrated programming and to expand the technical resources available.

F. Monitoring results

36. The strategic results framework (SRF) and the ROAR provide a monitoring framework that will

sharpen the results focus and strengthen ongoing financial and substantive monitoring by programme managers as well as oversight and feedback by management. The ROAR illustrates concretely how far, in what areas and in what ways UNDP helps to build social and organizational capital. It helps the organization to tell its story credibly, thus paving the way for a richer dialogue with stakeholders. The ROAR and the multi-year funding framework (MYFF), of which it is an integral part, will also help to underwrite the future of UNDP at a time when results are increasingly the key to attracting resources. Through an analysis of the countries involved in work on HIV/AIDS, the ROAR also enables UNDP to identify and promote knowledge and practices for South-South cooperation.

G. Financial requirements

37. During the period 1997 to 2000, through all programme-funding mechanisms, UNDP has contributed some $80 million in programme resources and an additional $80 million in cost-sharing to supporting responses to the epidemic. This total of $160 million is expended through action at the country level (88 per cent), at the regional level (8 per cent) and through global activities (4 per cent).

38. *Resources for global and regional activities.* The UNAIDS secretariat and co-sponsors have negotiated and agreed on a unified budget and workplan (UBW) for 2002-2003. The UBW provides a framework for the allocation between the UNAIDS secretariat and among the co-sponsors of resources mobilized from donor countries through a joint appeal. The UBW is limited to global and regional activities and does not cover country-level programmes of the respective co-sponsors. Resources for country-level interventions are to be mobilized separately by each UNAIDS co-sponsor (see para. 39). The UNDP share of the UBW is expected to be $7.8 million for 2002-2003, out of a total of $190 million. In addition to this share of UBW resources, UNDP is investing $16.6 million for global and regional support and activities. A further $24 million is being sought from donors, as supplementary funds to the UBW and UNDP core resources, to bridge the gap between available resources and actual needs.

39. *Resources for country-level programmes.* In accordance with Economic and Social Council resolution 1994/24 establishing UNAIDS, country-level funding shall be "obtained primarily through existing fund-raising mechanisms of the co-sponsors [...] channelled through the disbursement mechanisms and procedures of each organization". Given the urgent needs of programme countries in dealing with this disastrous development crisis, additional resources for country-level programmes are required in order for UNDP to fulfil its obligation as a UNAIDS co-sponsor. In view of shrinking core resources, UNDP has established an initial and indicative resource mobilization target of $100 million for 2002-2004 to finance the delivery of the country-level services described in the present report, in a selected number of countries. As a vehicle for mobilizing these resources for country-level programmes, UNDP has launched the non-core Thematic Trust Fund on HIV/AIDS, alongside five other such funds for the five other UNDP priority practice areas. This UNDP-specific funding mechanism will support activities that are not expected to be covered by the scope of the planned Global Fund to Fight AIDS, Tuberculosis and Malaria. However, country-level activities supported by the UNDP-specific funding mechanism, as described in the present report, will contribute by strengthening the capacity of countries to access and absorb funding expected to be channelled through the Global Fund to Fight AIDS, Tuberculosis and Malaria, as well as the many other sources of funding that will continue to be available to countries.

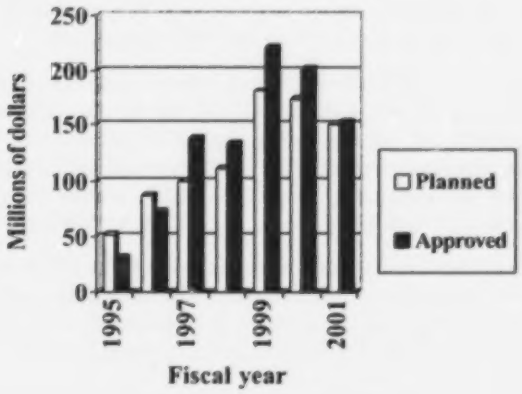
I. Global Environment Facility

A. Background

1. The Global Environment Facility (GEF) (http://www.undp.org/gef), established in 1991, has recently expanded its mandate and now also serves as the financial mechanism for the Biosafety Protocol and the Convention on Persistent Organic Pollutants (POPs). UNDP, the United Nations Environment Programme (UNEP) and the World Bank are the GEF Implementing Agencies.

2. ***Portfolio overview.*** The cumulative UNDP-GEF portfolio during 1991-2001 amounts to $1.23 billion, with an additional $2 billion secured in cofinancing. UNDP-GEF has exceeded the allocation targets in the past four years and its share is now at 34 per cent of the total GEF allocation. Figure 1 shows the portfolio growth for the last seven years:

FIGURE 1. ANNUAL PORTFOLIO APPROVAL, FISCAL YEARS 1995- 2001: PLANNED AGAINST ACTUAL APPROVAL[a]



a) Because of financial constraints, total funding available to GEF in fiscal year 2001 was $450 million, with consequent impact on the Business Plans.

3. The portfolio has activities in 140 countries containing over 2,400 completed and ongoing projects and about 80 projects under preparation. In addition UNDP-GEF is supporting approximately 80 countries in their preparation of country strategies, action plans and national communications under the Convention on

Biological Diversity and the Framework Convention for Climate Change. The UNDP-GEF Small Grants Programme supports 1,300 projects in 46 countries.

FIGURE 2. UNDP/GEF PORTFOLIO, FISCAL YEARS 1991 – 2001: REGIONAL DISTRIBUTION

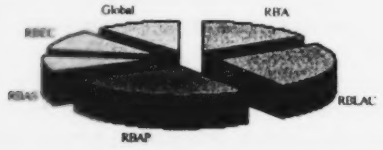
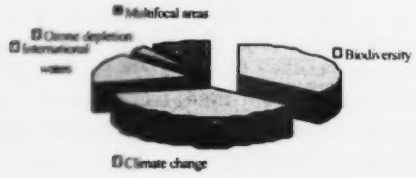


FIGURE 3. UNDP/GEF PORTFOLIO, FISCAL YEARS 1991 – 2001: FOCAL AREA DISTRIBUTION



4. ***Achievements.*** Independent evaluations, such as the ongoing GEF Overall Performance Study II, highlight the positive impacts and results achieved in the four GEF focal areas (biodiversity, climate change, international waters and ozone depletion), including the cross-cutting theme of land degradation. Impacts relate to conservation and sustainable use of biodiversity, reduction of green house gas emissions, addressing pollution of international waterbodies, phasing out of ozone-depleting substances and combating land degradation.

5. ***Policies and legislation.*** UNDP-GEF projects show significant results in supporting countries in the formulation and review of new and existing environmental policies and legislation at the national and local level. In the Madagascar Environmental Programme Support project, for example, the National Biodiversity Strategy has been finalized and validated at the national level after a series of regional consultations. The strategy highlights the contribution of the environmental sector in development and poverty alleviation and emphasizes the importance of ensuring full community involvement in its implementation. Two

laws relating to the intellectual property rights and the access to living resources were approved and will be soon submitted to the National Assembly.

6. ***Capacity development.*** In a growing number of projects, upstream and downstream capacity development are linked in an attempt to influence simultaneously the enabling environment (legal, institutional, social) and encourage cross-sectoral collaboration while improving the technical capacity of institutions. By focusing efforts on promoting a culture of integrated environmental management with the participation of different institutional and social actors, these projects are better placed to generate capacity-development processes at various levels, provided they are adjusted to the capacity levels of participants. Several projects combine policy support and direct training at the national level with regional/local pilot initiatives that strengthen decentralized capacity and produce tangible results. This helps to validate specific policy recommendations while demonstrating best practices for replication on a larger scale.

7. ***Financing and operational structure.*** UNDP-GEF is fully funded through fees earned on approved projects and does not rely on UNDP core administrative resources for its operating budget. UNDP country offices are compensated financially for all project services provided. UNDP-GEF also reimburses UNDP central services for support provided to projects and operations. UNDP-GEF has provided substantial support to designated focal points within the country offices to provide them with the skills and information required to perform their functions. The support of UNDP-GEF has been acknowledged by the country offices in the results-oriented annual report (ROAR). The UNDP country office assessment of products and services provided by headquarters (January – February 2001) and the Resident Representative Network, in the assessment of services provided by headquarters, UNDP-GEF ranked first amongst all headquarters units for the quality of services provided to the country offices.

8. In line with the restructuring targets agreed with the Executive Team in 2000, the UNDP-GEF has significantly decentralized its operations over the last 18 months.

B. Key determinants of success

9. ***Sustainable development linkages.*** UNDP-GEF addresses global environmental threats through its projects while pursuing integrated strategies for sustainable development. UNDP-GEF projects are always part of a package of interventions, funded by national governments, bilateral and multilateral donors, NGOs and the private sector, that address national sustainable development objectives while protecting the global environment. These interventions contribute to poverty reduction by protecting vital ecological goods and services upon which the poor depend. UNDP-GEF projects provide funding for capacity-strengthening across the public sectors and civil society. UNDP-GEF embeds its activities in

national sustainable development programmes through efforts that strengthen environmental governance and build national capacities to manage the environment.

10. ***Partnerships.*** UNDP-GEF, as an implementing agency of the GEF, has established close working relationships with other GEF entities, particularly with the World Bank, the United Nations Environmental Programme (UNEP) and the GEF Council and Secretariat. Furthermore, trusted relationships with recipient Governments, international and local non-governmental organizations (NGOs) and with the private sector are a key determinant of UNDP-GEF operations. A total of 278 NGOs participate directly in the portfolio of large projects while more than 600 NGOs participate in the Small Grants Programme.

11. ***Leveraging financial resources.*** The commitment of the implementing agencies to GEF is being measured by the amount of co-financing mobilized. UNDP has made a formal commitment to the GEF Council to mobilize co-financing by (a) leveraging funds from bilateral and multilateral agencies and from the private sector and (b) securing funding from recipient countries. UNDP-GEF has sought to emphasize the brokering role it plays in securing co-funding from a variety of sources. Much of this funding is scarce grant financing, in contrast to that of development banks, which typically secure loan finance. Grant financing enables countries to undertake some activities that hey would otherwise be unable to undertake.

C. Challenges

12. ***Replenishment.*** Replenishment negotiations for GEF 3 have commenced, with a replenishment target of $2.5-3.5 billion (commitments to GEF 2 amount to $2.75 billion). Replenishment negotiations are expected to be finalized in early 2002. Given the expanding GEF mandate vis-à-vis new international protocols and conventions –such as the Convention on Persistent Organic Pollutants (POPs) and the Protocol on Biosafety– a successful replenishment is hoped for.

13. ***Institutional architecture.*** A revision of the institutional GEF architecture is currently under consideration. The GEF instrument was adopted after a series of difficult negotiations involving all GEF constituencies. The GEF architecture is the result of a deliberate decision to establish an innovative and cost-effective institutional mechanism: relying on the existing administrative and operational capabilities of three agencies and taking full advantage of their respective comparative advantages. Since these arguments are still relevant, UNDP would prefer to maintain the current institutional arrangement.

14. ***UNDP commitment.*** However, despite its accomplishments, the future success of UNDP-GEF is not a foregone conclusion. It is now more critical than ever that UNDP focus on maintaining its competitive edge within GEF and sustain

its investment in quality control and project-cycle management. UNDP must also continue to be responsive to the directives of the GEF Council and special needs of its partner agencies. For UNDP, success will rest on its ability to continue to provide technical, administrative and managerial guidance to client countries, to seize new opportunities emerging from the expanded GEF mandate and on its ability to broker co-financing.

II. Montreal Protocol

A. Background

15. UNDP is one of four implementing agencies (UNDP, the United Nations Industrial Development Organization (UNIDO), UNEP and the World Bank) under the Multilateral Fund (MLF) - the financial mechanism established to provide technical and financial assistance to developing countries operating under Article 5 of paragraph 1 of the Montreal Protocol ("Article 5 countries"). The replenishment of the MLF occurs every three years and contributions come from donor (i.e. non-Article 5) countries based on the United Nations scale of assessment. The Executive Committee of the MLF meets 3 times a year and has 14 members equally split between developing and donor countries. The MLF secretariat is in Montreal. The four implementing agencies participate at Executive Committee meetings as observers. Adjustments to the schedule of the Montreal Protocol phase-out of ozone-depleting substances have been made every two to three years as the science and technology advances.

16. ***Portfolio overview.*** Since its creation in 1990, the Multilateral Fund cumulative disbursement as of July 2001 is $1.3 billion, of which UNDP has received $349.7 million, including support costs. The UNDP share of investment project budgets has been capped at 30 percent of total approvals although there is no explicit cap on non-investment approvals. An additional $4.4 million comes from UNDP implementation of bilateral programmes for Australia, Belgium, Denmark, Germany, Italy, Sweden and the United States. The $354 million in approvals has made the Montreal Protocol the second largest UNDP trust fund, after GEF. UNDP has also received $21.3 million through GEF for Montreal Protocol activities in countries with economies in transition; these projects are implemented jointly by the Montreal Protocol and GEF teams.

17. ***Programme financing and management.*** The UNDP Montreal Protocol programme (http://www.undp.org/seed/eap/montreal) is fully funded through the support costs earned on approved projects and does not use UNDP core resources for its operating budget. UNDP has been playing a key role in the implementation of the Montreal Protocol, working through the United Nations Office for Project Services (UNOPS) and national execution modalities in providing the technology transfer and technical cooperation necessary to help the industrial conversion process to ozone-friendly substances in 78 countries.

18. Capacity-building activities and investment and demonstration projects to eliminate methyl bromide (a highly toxic and ozone-depleting substance) in agricultural uses are mostly executed nationally, with the involvement of UNDP country offices and accredited national institutions. UNDP country offices get 3 percent of the project grant approved for nationally executed projects and 1 percent for those executed by UNOPS. Countries that have technical expertise in the new alternative technologies and associated national infrastructure for implementation have selected national execution to execute industrial conversion projects in sectors such as foams, refrigeration and solvents.

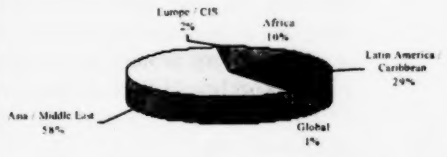
19. The Montreal Protocol Unit (MPU) of the Environmentally Sustainable Development Group of the Bureau for Development Policy (ESDG/BDP) which manages the programme has five professional staff and three programme assistants in New York and uses six international sector experts, 20 national experts and 15-20 consultants, mainly on retainer contracts and located throughout the world. Several UNDP country office staff are also supported under the programme, a few full-time and many part-time.

B. Key determinants of success

20. ***Programme coverage.*** With over 1,440 projects in 78 countries in all regions that will eliminate over 41,500 tonnes of ozone-depleting substances, UNDP had disbursed $214 million as of December 2000. Activities approved will eliminate ozone-depleting substances in the aerosols, foam, refrigeration, solvents and fire-fighting sectors as well as in agriculture uses. The sectoral distribution of ozone-depleting substances to be eliminated and the regional distribution of approved grants are shown below:

Figure 4. Elimination of 41,500 ozone-depleting potential (ODP) tonnes of ozone-depleting substances: distribution by sector

Figure 5. Total Montreal Protocol portfolio of $333 million: distribution by region



21. ***Sustainable development link: Preserving jobs and strengthening national institutions.*** UNDP has developed innovative approaches to assist small- and medium-sized enterprises (SMEs) - the great employment generators of development - in their conversion processes. Thus UNDP has gained valuable

experience in working with the private sector. The successful transfer of technology made it feasible for SMEs to maintain their competitiveness, and thus existing jobs are preserved and new ones created. UNDP thereby plays a key role in maintaining sustainable livelihoods in the SME sectors in developing countries where such programmes exist.

22. UNDP has over $6.6 million in approved projects that will eliminate the use of methyl bromide as a soil fumigant in agriculture. These programmes have significant farmer-training and extension components (over 300,000 participating), which will help farmers to learn how to apply the new alternatives while maintaining or, in many cases, increasing crop yield. This assistance is critical to avoid any negative economic impact on countries that rely heavily on agriculture and on exports of agricultural products.

23. UNDP has been assisting 21 developing countries through capacity-building projects that have helped to develop more effective policies and procedures to meet the compliance targets under the Montreal Protocol. If executed correctly, they will provide the kind of governance support and capacity-building that significantly impact other areas of governance, and thereby help to improve policy decision-making.

24. ***Synergism with other conventions.*** Since the energy efficiency of new equipment is superior to that in old equipment and based on the industrial conversion that is taking place, the Montreal Protocol is also contributing to the more efficient use of energy, a key objective of the Kyoto Protocol. Refrigeration training for technicians is also preventing waste of chemicals as well as reducing costs and emissions.

C. Challenges

25. ***Country-driven approach impact on support cost.*** The new strategic planning for MLF grants allocation urges active participation of all countries and obligates implementing agencies to operate under strict country-driven approaches in all phases of project preparation, submission and implementation. Policy advice and monitoring of labour-intensive projects now play a much stronger role for the UNDP Montreal Protocol Unit, with a significant increase in the workload of its small staff.

26. Because of these implications not only for UNDP but for other agencies also, a new method to calculate support costs may be needed. One proposal is to have the support cost based on two components: a variable component for medium to larger-size technology-conversion projects and a fixed, higher-cost component for the smaller and more labour-intensive projects. Another approach is first to allocate core funding for corporate functions (as in GEF) and then apportion support costs

for individual projects; this would allow UNDP to cover its costs in providing policy advice and monitoring and evaluation of projects and programmes, thereby helping countries to meet their compliance targets.

27. ***Replenishment of the Multilateral Fund.*** The Multilateral Fund replenishment for the 2003-2005 triennium will be negotiated during the next Meeting of Parties in the second half of 2002. Previous replenishments were around $400-500 million per triennium, with UNDP receiving approximately $40 million per year. The negotiations may be affected by:

(a) The global economic slowdown and the response to the September 2001 terrorist attacks;

(b) The possible introduction of concessional loans as part of the negotiated package. Grants now represent all funds disbursed. If concessional loans are approved, UNDP must have mechanisms in place in order to continue to be selected as one of the agencies to implement any financially significant portfolio under the Multilateral Fund.